



## Senate

General Assembly

**File No. 351**

*January Session, 2005*

Substitute Senate Bill No. 1145

*Senate, April 14, 2005*

The Committee on Public Health reported through SEN. MURPHY of the 16th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### **AN ACT CONCERNING REVISIONS TO THE OFFICE OF HEALTH CARE ACCESS STATUTES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 19a-613 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2005*):

3 (a) The Office of Health Care Access may employ the most effective  
4 and practical means necessary to fulfill the purposes of this chapter,  
5 which may include, but need not be limited to:

6 (1) Collecting patient-level outpatient data from health care facilities  
7 or institutions, as defined in section 19a-630;

8 (2) Establishing a cooperative data collection effort, across public  
9 and private sectors, to assure that adequate health care personnel  
10 demographics are readily available; and

11 (3) Performing the duties and functions as enumerated in subsection

12 (b) of this section.

13 (b) The office shall: (1) Authorize and oversee the collection of data  
14 required to carry out the provisions of this chapter; (2) oversee and  
15 coordinate health system planning for the state; (3) monitor health care  
16 costs; and (4) implement and oversee health care reform as enacted by  
17 the General Assembly.

18 (c) The Commissioner of Health Care Access or any person the  
19 commissioner designates may conduct a hearing and render a final  
20 decision in any case when a hearing is required or authorized under  
21 the provisions of any statute dealing with the Office of Health Care  
22 Access.

23 [(d) The office shall monitor graduate medical education and its  
24 sources of funding and shall annually (1) review the financial  
25 implications of such education for hospitals, and (2) evaluate the effect  
26 of such education on (A) access to health care, and (B) sufficiency of  
27 the health care provider workforce. The office shall create an advisory  
28 council to advise the commissioner on graduate medical education. For  
29 purposes of this subsection, "graduate medical education" means the  
30 formal clinical education and training of a physician or other health  
31 care provider that follows graduation from medical school and  
32 prepares the physician or health care provider for licensure and  
33 practice.

34 (e) Not later than January 1, 2000, and annually thereafter, the office  
35 shall submit a report on its findings and recommendations to the joint  
36 standing committee of the General Assembly having cognizance of  
37 matters relating to public health, in accordance with the provisions of  
38 section 11-4a.]

39 Sec. 2. Subsection (c) of section 19a-493b of the general statutes is  
40 repealed and the following is substituted in lieu thereof (*Effective*  
41 *October 1, 2005*):

42 (c) Notwithstanding the provisions of this section, no outpatient

43 surgical facility shall be required to comply with section [19a-617a,  
44 19a-631, 19a-632, 19a-637a, 19a-644, 19a-645, 19a-646, 19a-648, 19a-649,  
45 19a-650, 19a-652, or 19a-654 to 19a-683, inclusive. Each outpatient  
46 surgical facility shall continue to be subject to the obligations and  
47 requirements applicable to such facility, including, but not limited to,  
48 any applicable provision of this chapter and those provisions of  
49 chapter 368z not specified in this subsection, except that a request for  
50 permission to undertake a transfer or change of ownership or control  
51 shall not be required pursuant to subsection (a) of section 19a-638 if the  
52 Office of Health Care Access determines that the following conditions  
53 are satisfied: (1) Prior to any such transfer or change of ownership or  
54 control, the outpatient surgical facility shall be owned and controlled  
55 exclusively by persons licensed pursuant to section 20-13, either  
56 directly or through a limited liability company, formed pursuant to  
57 chapter 613, a corporation, formed pursuant to chapters 601 and 602,  
58 or a limited liability partnership, formed pursuant to chapter 614, that  
59 is exclusively owned by persons licensed pursuant to section 20-13, or  
60 is under the interim control of an estate executor or conservator  
61 pending transfer of an ownership interest or control to a person  
62 licensed under section 20-13, and (2) after any such transfer or change  
63 of ownership or control, persons licensed pursuant to section 20-13, a  
64 limited liability company, formed pursuant to chapter 613, a  
65 corporation, formed pursuant to chapters 601 and 602, or a limited  
66 liability partnership, formed pursuant to chapter 614, that is  
67 exclusively owned by persons licensed pursuant to section 20-13, shall  
68 own and control no less than a sixty per cent interest in the outpatient  
69 surgical facility.

70 Sec. 3. Subsections (b) and (c) of section 19a-637 of the general  
71 statutes are repealed and the following is substituted in lieu thereof  
72 (*Effective October 1, 2005*):

73 (b) Any data submitted to or obtained or compiled by the office  
74 with respect to its deliberations under sections 19a-637 to [19a-640]  
75 19a-639e, inclusive, as amended by this act, with respect to nursing  
76 homes, licensed under chapter 368v, shall be made available to the

77 Department of Public Health.

78 (c) Notwithstanding the provisions of subsection (a) of this section,  
79 the office [in its deliberations under section 19a-640,] shall not direct or  
80 control the use of the following resources of [the] any hospital;  
81 [concerned:] The principal and all income from restricted and  
82 unrestricted grants, gifts, contributions, bequests and endowments.

83 Sec. 4. Subsection (e) of section 19a-639 of the general statutes is  
84 repealed and the following is substituted in lieu thereof (*Effective*  
85 *October 1, 2005*):

86 (e) Notwithstanding the provisions of section 19a-638, subsection (a)  
87 of section 19a-639a or subsection (a) of this section, no school-based  
88 health care center shall be subject to the provisions of section 19a-638  
89 or subsection (a) of this section if the center: (1) Is or will be licensed by  
90 the Department of Public Health as an outpatient clinic; (2) [has been  
91 approved by the Department of Public Health as meeting its standard  
92 model for comprehensive school-based health centers; (3)] proposes  
93 capital expenditures not exceeding one million dollars and does not  
94 exceed such amount; [(4)] (3) once operational, continues to operate  
95 and provide services in accordance with the department's [standard  
96 model] licensing standards for comprehensive school-based health  
97 centers; and [(5)] (4) is or will be located entirely on the property of a  
98 functioning school.

99 Sec. 5. Subsection (b) of section 19a-639a of the general statutes is  
100 repealed and the following is substituted in lieu thereof (*Effective*  
101 *October 1, 2005*):

102 (b) Each health care facility or institution exempted under this  
103 section shall register with the office by filing the information required  
104 by subdivision (4) of subsection (a) of section 19a-638 for a letter of  
105 intent at least ten business days but not more than sixty calendar days  
106 prior to commencing operations and prior to changing, expanding,  
107 terminating or relocating any facility or service otherwise covered by  
108 section 19a-638, or subsection (a) of section 19a-639 or covered by both

109 sections or subsections, except that, if the facility or institution is in  
110 operation on June 5, 1998, said information shall be filed not more than  
111 sixty days after said date. Not later than ten business days after the  
112 office receives a completed filing required under this subsection, the  
113 office shall provide the health care facility or institution with written  
114 acknowledgment of receipt. Such acknowledgment shall constitute  
115 permission to operate or change, expand, terminate or relocate such a  
116 facility or institution or to make an expenditure consistent with an  
117 authorization received under subsection (a) of section 19a-639 until the  
118 next September thirtieth. Each entity exempted under this section shall  
119 renew its exemption [annually] by filing current information [each]  
120 once every two years in September.

121 Sec. 6. Section 19a-639e of the general statutes is repealed and the  
122 following is substituted in lieu thereof (*Effective October 1, 2005*):

123 Notwithstanding the provisions of sections 19a-486 to 19a-486h,  
124 inclusive, section 19a-638, 19a-639, as amended by this act, or any other  
125 provision of [this] chapter 368z, the Office of Health Care Access may  
126 refuse to accept as filed or submitted a letter of intent or a certificate of  
127 need application from any person or health care facility or institution  
128 that failed to submit any required data or information, or has filed any  
129 required data or information that is incomplete or not filed in a timely  
130 fashion. Prior to any refusal and accompanying moratorium under the  
131 provisions of this section, the Commissioner of Health Care Access  
132 shall notify the person or health care facility or institution, in writing,  
133 and such notice shall identify the data or information that was not  
134 received and the data or information that is incomplete in any respect.  
135 Such person or health care facility or institution shall have [ten] fifteen  
136 business days [after receipt of] from the date of mailing the notice to  
137 provide the commissioner with the required data or information. Such  
138 refusal and related moratorium on accepting a letter of intent or a  
139 certificate of need application may remain in effect, at the discretion of  
140 the Commissioner of Health Care Access, until the office determines  
141 that all required data has been submitted. The commissioner shall have  
142 fifteen business days to notify the person or health care facility or

143 institution submitting the data and information whether or not the  
144 letter of intent or certificate of need application is refused. Nothing in  
145 this section shall preclude or limit the office from taking any other  
146 action authorized by law concerning late, incomplete or inaccurate  
147 data submission in addition to such a refusal and accompanying  
148 moratorium.

149 Sec. 7. Section 19a-641 of the general statutes is repealed and the  
150 following is substituted in lieu thereof (*Effective October 1, 2005*):

151 Any health care facility or institution and any state health care  
152 facility or institution aggrieved by any final decision of said office  
153 under the provisions of sections 19a-630 to [19a-640] 19a-639e,  
154 inclusive, as amended by this act, or section 19a-648 or 19a-650, may  
155 appeal [therefrom] from such decision in accordance with the  
156 provisions of section 4-183, except venue shall be in the judicial district  
157 in which it is located. Such appeal shall have precedence in respect to  
158 order of trial over all other cases except writs of habeas corpus, actions  
159 brought by or on behalf of the state, including informations on the  
160 relation of private individuals, and appeals from awards or decisions  
161 of workers' compensation commissioners.

162 Sec. 8. Subsection (a) of section 19a-643 of the general statutes is  
163 repealed and the following is substituted in lieu thereof (*Effective*  
164 *October 1, 2005*):

165 (a) The office shall adopt regulations, in accordance with the  
166 provisions of chapter 54, to carry out the provisions of sections 19a-630  
167 to [19a-640] 19a-639e, inclusive, as amended by this act, and sections  
168 19a-644, 19a-645, as amended by this act, and 19a-648, concerning the  
169 submission of data by health care facilities and institutions, including  
170 data on dealings between health care facilities and institutions and  
171 their affiliates, and, with regard to requests or proposals pursuant to  
172 sections 19a-638 and 19a-639, by state health care facilities and  
173 institutions, the ongoing inspections by the office of operating budgets  
174 that have been approved by the board of directors of health care  
175 facilities and institutions, [after their approval,] standard reporting

176 forms and standard accounting procedures to be utilized by health  
177 care facilities and institutions and the transferability of line items in the  
178 [approved] board-approved operating budgets of the health care  
179 facilities and institutions, except that any health care facility or  
180 institution may transfer any amounts among items in its operating  
181 budget, [ provided such facility or institution is not exceeding and will  
182 not exceed its overall operating budget.] All such transfers shall be  
183 reported to the office within thirty days of the transfer or transfers.

184 Sec. 9. Section 19a-645 of the general statutes is repealed and the  
185 following is substituted in lieu thereof (*Effective October 1, 2005*):

186 A nonprofit hospital, licensed by the Department of Public Health,  
187 which provides lodging, care and treatment to members of the public,  
188 and which wishes to enlarge its public facilities by adding contiguous  
189 land and buildings thereon, if any, the title to which it cannot  
190 otherwise acquire, may prefer a complaint for the right to take such  
191 land to the superior court for the judicial district in which such land is  
192 located, provided such hospital shall have received the approval of the  
193 Office of Health Care Access under section 19a-639, as amended by  
194 this act. [or 19a-640.] Said court shall appoint a committee of three  
195 disinterested persons, who, after examining the premises and hearing  
196 the parties, shall report to the court as to the necessity and propriety of  
197 such enlargement and as to the quantity, boundaries and value of the  
198 land and buildings thereon, if any, which they deem proper to be  
199 taken for such purpose and the damages resulting from such taking. If  
200 such committee reports that such enlargement is necessary and proper  
201 and the court accepts such report, the decision of said court thereon  
202 shall have the effect of a judgment and execution may be issued  
203 thereon accordingly, in favor of the person to whom damages may be  
204 assessed, for the amount thereof; and, on payment thereof, the title to  
205 the land and buildings thereon, if any, for such purpose shall be vested  
206 in the complainant, but such land and buildings thereon, if any, shall  
207 not be taken until such damages are paid to such owner or deposited  
208 with said court, for such owner's use, within thirty days after such  
209 report is accepted. If such application is denied, the owner of the land

210 shall recover costs of the applicant, to be taxed by said court, which  
211 may issue execution therefor. Land so taken shall be held by such  
212 hospital and used only for the public purpose stated in its complaint to  
213 the superior court. No land dedicated or otherwise reserved as open  
214 space or park land or for other recreational purposes and no land  
215 belonging to any town, city or borough shall be taken under the  
216 provisions of this section.

217 Sec. 10. Subsection (a) of section 19a-649 of the general statutes is  
218 repealed and the following is substituted in lieu thereof (*Effective July*  
219 *1, 2005*):

220 (a) The office, in consultation with the Commissioner of Social  
221 Services, shall review annually the level of uncompensated care  
222 including emergency assistance to families provided by each hospital  
223 to the indigent. Each hospital shall file annually with the office its  
224 policies regarding the provision of free or reduced cost services to the  
225 indigent, excluding medical assistance recipients, and its debt  
226 collection practices. Each hospital shall obtain an independent audit of  
227 the level of charges, payments and discharges by primary payer  
228 related to Medicare, medical assistance, CHAMPUS and  
229 nongovernmental payers as well as the amount of uncompensated care  
230 including emergency assistance to families. The results of this audit,  
231 including the above information, with an opinion, shall be provided to  
232 the office by each hospital together with the hospital's financial  
233 statements filed on [February twenty-eighth] April first of each year.  
234 For purposes of this section, "primary payer" means the final payer  
235 responsible for more than fifty per cent of the charges on the case, or, if  
236 no payer is responsible for more than fifty per cent of the charges the  
237 payer responsible for the highest percentage of charges. The office  
238 shall evaluate the audit and may rely on the information contained in  
239 the independent audit or may require such additional audit as it  
240 deems necessary.

241 Sec. 11. Section 19a-653 of the general statutes is repealed and the  
242 following is substituted in lieu thereof (*Effective October 1, 2005*):



243 (a) (1) Any person or health care [provider which] facility or  
244 institution that owns, operates or is seeking to acquire [a computer  
245 axial tomography (CT) scanner,] major medical [imaging] equipment [,  
246 or] costing over four hundred thousand dollars, or scanning  
247 equipment, cineangiography equipment, a linear accelerator or other  
248 equipment utilizing technology that is developed or introduced into  
249 the state on or after October 1, 2005, or any person or health care  
250 facility [,] or institution [, person or provider] that is required to file  
251 data or information under any public or special act or under this  
252 chapter or sections 19a-486 to 19a-486h, inclusive, or any regulation  
253 adopted or order issued [thereunder] under this chapter or said  
254 sections, which fails to so file within prescribed time periods, shall be  
255 subject to a civil penalty of up to one thousand dollars a day for each  
256 day such information is missing, incomplete or inaccurate. Any civil  
257 penalty authorized by this section shall be imposed by the Office of  
258 Health Care Access in accordance with subsections (b) to (e), inclusive,  
259 of this section.

260 (2) If [an applicant or provider] a person or health care facility or  
261 institution is unsure whether a certificate of need is required under  
262 section 19a-638 or section 19a-639, or under both sections, it shall send  
263 a letter to the office describing the project and requesting that the office  
264 make such a determination. A person making a request for a  
265 determination as to whether a certificate of need, waiver or exemption  
266 is required shall provide the office with any information the office  
267 requests as part of its determination process.

268 (b) If the office has reason to believe that a violation has occurred for  
269 which a civil penalty is authorized by subsection (a) of this section, it  
270 shall notify the person or health care facility [,] or institution [or  
271 provider,] by first-class mail or personal service. The notice shall  
272 include: (1) A reference to the sections of the statute or regulation  
273 involved; (2) a short and plain statement of the matters asserted or  
274 charged; (3) a statement of the amount of the civil penalty or penalties  
275 to be imposed; (4) the initial date of the imposition of the penalty; and  
276 (5) a statement of the party's right to a hearing.

277 (c) The person or health care facility [.] or institution [, person or  
278 provider] to whom the notice is addressed shall have [ten calendar]  
279 fifteen business days from the date of mailing of the notice to make  
280 written application to the office to request (1) a hearing to contest the  
281 imposition of the penalty, or (2) an extension of time to file the  
282 required data. A failure to make a timely request for a hearing or an  
283 extension of time to file the required data or a denial of a request for an  
284 extension of time shall result in a final order for the imposition of the  
285 penalty. All hearings under this section shall be conducted pursuant to  
286 sections 4-176e to 4-184, inclusive. The office may grant an extension of  
287 time for filing the required data or mitigate or waive the penalty upon  
288 such terms and conditions as, in its discretion, it deems proper or  
289 necessary upon consideration of any extenuating factors or  
290 circumstances.

291 (d) A final order of the office assessing a civil penalty shall be  
292 subject to appeal as set forth in section 4-183 after a hearing before the  
293 office pursuant to subsection (c) of this section, except that any such  
294 appeal shall be taken to the superior court for the judicial district of  
295 New Britain. Such final order shall not be subject to appeal under any  
296 other provision of the general statutes. No challenge to any such final  
297 order shall be allowed as to any issue which could have been raised by  
298 an appeal of an earlier order, denial or other final decision by the  
299 office.

300 (e) If any person or health care facility [.] or institution [, person or  
301 provider] fails to pay any civil penalty under this section, after the  
302 assessment of such penalty has become final the amount of such  
303 penalty may be deducted from payments to such person or health care  
304 facility [.] or institution [, person or provider] from the Medicaid  
305 account.

306 Sec. 12. Section 19a-676 of the general statutes is repealed and the  
307 following is substituted in lieu thereof (*Effective July 1, 2005*):

308 [For the fiscal year commencing October 1, 1992, and subsequent  
309 fiscal years] On or before April first of each year, for the preceding

310 fiscal year, each hospital shall submit to the office, in the form and  
 311 manner prescribed by the office, the data specified in [section 19a-  
 312 167g-91 of the regulations of Connecticut state agencies, as from time  
 313 to time amended] regulations adopted by the commissioner in  
 314 accordance with chapter 54, the audit required under section 19a-649  
 315 and any other data required by the office, including hospital budget  
 316 system data for the hospital's twelve months actual filing  
 317 requirements.

318 Sec. 13. Section 19a-681 of the general statutes is repealed and the  
 319 following is substituted in lieu thereof (*Effective July 1, 2005*):

320 (a) Each hospital shall [include all applicable taxes in the price of  
 321 each item in] file with the office its current pricemaster [for] which  
 322 shall include each charge in its detailed schedule of charges.

323 (b) If the billing detail by line item on a patient bill does not agree  
 324 with the detailed schedule of charges on file with the [Office of Health  
 325 Care Access] office for the date of service specified on the bill, the  
 326 hospital shall be subject to a civil penalty of five hundred dollars per  
 327 occurrence payable to the state within ten business days of notification.  
 328 The penalty shall be imposed in accordance with subsections (b) to (e),  
 329 inclusive, of section 19a-653. The office may issue an order requiring  
 330 such hospital, within ten business days of notification of an overcharge  
 331 to a patient, to adjust the bill to be consistent with the schedule of  
 332 charges on file with the office for the date of service specified on the  
 333 patient bill.

334 Sec. 14. Sections 19a-617a, 19a-640 and 19a-682 of the general  
 335 statutes are repealed. (*Effective July 1, 2005*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2005</i>	19a-613
Sec. 2	<i>October 1, 2005</i>	19a-493b(c)
Sec. 3	<i>October 1, 2005</i>	19a-637(b) and (c)
Sec. 4	<i>October 1, 2005</i>	19a-639(e)

Sec. 5	<i>October 1, 2005</i>	19a-639a(b)
Sec. 6	<i>October 1, 2005</i>	19a-639e
Sec. 7	<i>October 1, 2005</i>	19a-641
Sec. 8	<i>October 1, 2005</i>	19a-643(a)
Sec. 9	<i>October 1, 2005</i>	19a-645
Sec. 10	<i>July 1, 2005</i>	19a-649(a)
Sec. 11	<i>October 1, 2005</i>	19a-653
Sec. 12	<i>July 1, 2005</i>	19a-676
Sec. 13	<i>July 1, 2005</i>	19a-681
Sec. 14	<i>July 1, 2005</i>	Repealer section

***Statement of Legislative Commissioners:***

A new section 10 amending subsection (a) of section 19a-649 of the general statutes was added in order to change the due date for audit results from February twenty-eighth of each year to April first of each year for consistency with section 19a-676, as amended by section 12 of this act.

***PH***      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Health Care Access, Off.	GF - Savings	Minimal	Minimal
Health Care Access, Off.	GF - Revenue Gain	Potential Minimal	Potential Minimal
UConn Health Ctr.	GF - None	None	None

Note: GF=General Fund

#### **Municipal Impact:** None

#### **Explanation**

This bill makes various changes to statutes concerning the Office of Health Care Access (OHCA). Fiscal impacts are as follows:

Section 1 eliminates a requirement that the OHCA review and report on graduate medical education in Connecticut. The office will experience a workload decrease as a result.

Sections 2, 3, 7 and 9 make technical changes to maintain consistency with Section 14, which repeals certain sections of statute.

Section 4 updates statute concerning Certificate of Need (CON) exemptions for school based health care centers to reflect current Department of Public Health standards. This is a technical change which results in no fiscal impact.

Section 5 changes a registration requirement for CON-exempt institutions from annual to biennial. The OHCA will experience a workload decrease and minimal savings in postal expenses as fewer forms will have to be mailed to these organizations. A workload decrease will also result as fewer filings will have to be processed each year.

Section 6 allows health care facilities or institutions seeking a CON five more business days to provide required information to the Office and broadens the instances in which the Office may refuse to accept a letter of intent or CON application. No fiscal impact is associated with these changes.

Section 8 makes a technical change to maintain consistency with Section 14, which repeals Section 19a-640 CGS. It also clarifies a requirement that submitted operating budgets be approved by the board of directors of the health care facility or institution, to reflect current practice, and makes other technical changes that result in no fiscal impact.

Section 10 changes from February 28<sup>th</sup> to April 1<sup>st</sup> the date on which hospitals must annually report certain information to OHCA. This results in no fiscal impact for either the Office or the John Dempsey Hospital and the University of Connecticut Health Center.

Section 11 broadens the ability of the Office to assess civil penalties of up to \$1,000 per day upon entities failing to submit timely or complete data. A potential minimal revenue gain to the state would be associated with this change.

It also changes from ten calendar to fifteen business days the time period in which an entity must request a hearing to contest the penalty or extend the filing time period. No fiscal impact is associated with this change.

Sections 12 and 13 make changes to conform statute with current practice or terminology and result in no fiscal impact.

Section 14 repeals three sections of obsolete statute and results in no fiscal impact.

**OLR Bill Analysis**

sSB 1145

**AN ACT CONCERNING REVISIONS TO THE OFFICE OF HEALTH CARE ACCESS STATUTES****SUMMARY:**

This bill makes several changes in the dates by which hospitals and other health care providers must submit applications or data to the Office of Health Care Access (OHCA), who must submit data, and the data they must submit. It extends penalties for failure to file to a wider range of health care entities. It revises OHCA's authority concerning hospitals funds and eliminates a report it must make on graduate medical education. It also eliminates obsolete language concerning school-based health centers and repeals several obsolete statutes.

EFFECTIVE DATE: October 1, 2005, except for the provisions on hospitals submitting financial data and price lists and repealing obsolete statutes, which are effective July 1, 2005.

**DATA AND APPLICATION SUBMISSION REQUIREMENTS*****Hospital Financial Data (§§ 10 and 12)***

OHCA regulations require acute-care hospitals to submit an annual report on their previous fiscal year (which runs from October 1 to September 30) by the following February 28. The bill pushes this reporting date back to April 1 and applies this date to the independent audit hospitals must file for purposes of calculating hospitals' uncompensated care costs and disproportionate share (DSH) payments. (DSH is a taxing mechanism to help hospitals that serve a disproportionate share of government-financed, low-income, and uninsured patients.) It appears to apply the April 1 date to all other data that OHCA regulations require hospitals to report or that the agency otherwise requires.

The bill also requires hospitals to submit budget system data for their "twelve months actual filing requirements" by April 1. This data is used in conjunction with the independent audit in DSH payment calculations.

***Penalties for Failure to Submit Certificate of Need (CON) Data (§ 11)***

The bill extends to all health care facilities and institutions, as well as their parent companies, subsidiaries, and affiliates, the civil penalties applicable for failing to submit data OHCA requires concerning major medical and imaging equipment they own, operate, or plan to acquire and any other information the law requires them to file. It also broadens the range of equipment on which they must report and extends the time in which they can ask for a hearing or a filing extension. The penalty is a fine of up to \$1,000 per day.

Under current law, the reporting requirements and penalties apply only to health care providers, which the law defines as state-licensed or –certified individuals or facilities that diagnoses or treats people on an inpatient or outpatient basis. The bill applies these requirements or penalties to any person or “health care facility or institution.” The law defines the latter term as any facility or institution that provides inpatient or outpatient prevention, diagnosis, or treatment and its parent company, subsidiary, affiliate, or joint venture. The CON application process already applies to health care institutions and facilities.

The reporting and penalty requirements currently apply to computer axial tomography (CT) scanners, medical imaging equipment, and linear accelerators. The bill extends them to major medical equipment costing over \$400,000, scanning and cineangiography equipment (it removes the specific reference to CT scanners), and any other equipment using technology that is developed or introduced into the state after September 30, 2005. It also extends the penalties to any information that must be reported under the law governing the conversion of a nonprofit hospital to for-profit status.

The bill extends, from 10 calendar days to 15 business days, the time an entity has to ask for a hearing to contest the penalty or ask for more time to a file the required information.

***Failure to Submit CON Application Information (§ 6)***

By law, OHCA can refuse to accept a CON letter of intent or an application if the entity seeking the CON fails to submit required



information or submits incomplete information. The bill changes the dates by which the entity must supply the information from 10 business days after receiving OHCA's notice of the defect to 15 business days after OHCA mailed it. It applies this provision to information involving CONs when a nonprofit hospital seeks to convert to for-profit status and also makes clear that it applies to health care facilities or institutions (and, consequently, their affiliates).

### **CON Exemption Renewal Applications (§ 5)**

The bill requires entities that are exempt from the CON process to apply every two years, rather than every year, to renew their status. The law exempts municipal, school, and health district outpatient clinics and programs; intermediate care residential facilities for people with mental retardation; certain outpatient rehabilitation services; clinical laboratories; assisted living services; outpatient dialysis units; HMO outpatient clinics; home health agencies; and certain nursing and rest homes.

### **OHCA AUTHORITY OVER INSTITUTIONS' FUNDS (§§ 8, 3, 13)**

The law requires OHCA to adopt regulations governing health care institutions and facilities transferring funds between line items in an approved operating budget. The bill permits any institution or facility to transfer funds between line items by removing a restriction that allowed transfers only by entities whose spending was within their budget. It also makes clear that authority to approve operating budgets rests with the institution's governing board, not OHCA.

The bill extends to CON applications, a prohibition against OHCA directing the use of principal or income from a hospital's restricted or unrestricted grants, gifts, contributions, bequests, and endowments. Under current law, which the bill repeals, this restriction applies only to OHCA's review of hospitals' proposed budgets.

The bill eliminates a requirement that hospitals include applicable taxes in the cost of each item they report in the "pricemaster" (the list of the prices they charge for services and goods) they file with OHCA. It specifies that hospitals must file their current pricemaster and include in it a detailed schedule of charges.

### **GRADUATE MEDICAL EDUCATION REPORT (§ 1)**

The bill eliminates a requirement for OHCA annually to review and report on the financial implications graduate medical education has for Connecticut hospitals and evaluate its effects on health care access and the health care workforce.

### **REPEALED SECTIONS (§ 14)**

The bill repeals (1) a requirement for hospitals to submit proposed budgets to OHCA for its review and approval, (2) a five-year pilot demonstration project that ended in 2001 that would have allowed an acute-care hospital to convert to other medical uses, and (3) an obsolete billing provision.

### **BACKGROUND**

#### ***Related Bills***

sSB 1207, favorably reported by the Public Health Committee, changes the types of equipment for which a CON is required to include all imaging equipment, major medical equipment costing more than \$400,000, and equipment introducing new technologies into the state.

SB 1143, favorably reported by the Public Health Committee, redefines “affiliate” more broadly to include unlicensed entities.

### **COMMITTEE ACTION**

Public Health Committee

Joint Favorable Substitute

Yea 24      Nay 0